



**Economic and Social Council**

Distr.  
GENERAL

E/CN.3/1995/12  
23 January 1995

ORIGINAL: ENGLISH

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STATISTICAL COMMISSION  
Twenty-eighth session  
27 February-3 March 1995  
Item 16 of the provisional agenda\*

PROGRAMME QUESTIONS AND RELATED MATTERS

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the ACC Subcommittee on Statistical Activities on the plans for methodological development of the inter-agency task forces on industrial and construction statistics, international trade statistics, price statistics including the International Comparison Programme, environment statistics, and finance statistics, and of the Intersecretariat Working Group on National Accounts.

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\* E/CN.3/1995/1.

Annex

REPORT OF THE ACC SUBCOMMITTEE ON STATISTICAL ACTIVITIES ON THE  
PLANS FOR METHODOLOGICAL DEVELOPMENT OF THE INTER-AGENCY TASK  
FORCES ON INDUSTRIAL AND CONSTRUCTION STATISTICS, INTERNATIONAL  
TRADE STATISTICS, PRICE STATISTICS INCLUDING THE INTERNATIONAL  
COMPARISON PROGRAMME, ENVIRONMENT STATISTICS, AND FINANCE  
STATISTICS, AND OF THE INTERSECRETARIAT WORKING GROUP ON  
NATIONAL ACCOUNTS

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## INTRODUCTION

1. The Statistical Commission, at its special session (New York, 11-15 April 1994), strongly endorsed the work of the eight task forces on national accounts, industrial and construction statistics, international trade statistics, finance statistics, price statistics including the International Comparison Programme, environment statistics, services statistics and the measurement of poverty; the Commission also requested that their plans for methodological development should be reported to the Statistical Commission.

2. Additional information will be provided orally to the Commission during the current session.

### I. TASK FORCE ON INDUSTRIAL AND CONSTRUCTION STATISTICS

(Convener: Organisation for Economic Cooperation and Development)

3. The Task Force on Industrial and Construction Statistics has conducted an inquiry on the implementation and use of the International Standard Industrial Classification of All Economic Activities (ISIC), especially regarding conversion to ISIC, Revision 3 (Rev.3). The Task Force will propose to the Statistical Commission at the current session a number of follow-up activities to help countries that want to convert to ISIC, Rev.3 and have methodological questions.

### II. TASK FORCE ON INTERNATIONAL TRADE STATISTICS

(Convener: General Agreement on Tariffs and Trade)

4. The Task Force on International Trade Statistics has planned the following methodological activities:

(a) The Task Force plans to prepare a report on the revision of United Nations concepts in international trade statistics for submission to the Statistical Commission at its twenty-ninth session. The Statistical Division of the United Nations Secretariat (UNSTAT) has already budgeted for consultants and for some of the costs of convening an expert group to evaluate the revision. Other international organizations have been invited to contribute funding. It has been recommended that a compilers' manual be developed to assist in the implementation of the revised concepts and definitions and that countries, including customs authorities, be involved in the exercise. In reviewing concepts and definitions of international trade statistics, new sources of information, such as value-added tax (VAT) for the intraregional trade of the countries of the European Community, should be taken into account, as well as work already done in other organizations, such as the Statistical Office of the European Community (Eurostat). Discussion of adjustments that might be made to improve international comparability have identified many areas that require clarification and extension of concepts and definitions;

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(b) In addition, UNSTAT is revising the Standard International Trade Classification, Revision 3 (SITC, Rev.3) in line with the revision to the Harmonized Commodity Description and Coding System (HS96), which will become effective on 1 January 1996. The revision of SITC, Rev.3 is also being considered at the current session under agenda item 6 (International trade statistics) (see E/CN.3/1995/5 and Add.1);

(c) Eurostat, during 1994, is reviewing and revising, where necessary, concepts and definitions of community statistics for international trade.

### III. TASK FORCE ON PRICE STATISTICS INCLUDING THE INTERNATIONAL COMPARISON PROGRAMME

(Convener: Statistical Office of the European Communities)

#### A. Consumer price index

5. Eurostat is leading a project among European Community (EC) member States and applicant members to harmonize the methodologies of consumer price index (CPI) construction. Convergence of inflation rates as measured by CPIs is one of the four convergence criteria required for the establishment of an Economic and Monetary Union, as laid down in the Maastricht Treaty on European Union. It is therefore necessary to ensure that comparisons of national consumer price inflation are made on the same methodological basis.

6. The intention is to establish guidelines covering all the important areas of CPI construction. The guidelines will form part of a legal act that will have binding force throughout the EC. The directors-general of the national statistical offices (DGNS) have agreed to proceed in two distinct stages. The first stage will be to prepare a framework European Council regulation that will establish the legal background for subsequent technical legislation; the Council regulation will lay down the broad boundaries within which the technical guidelines must fall. The second stage will be to prepare one or more legal acts that will specify, in whatever detail is necessary, the various technical aspects of CPI construction that require harmonization.

7. A technical working group was established in 1993 to take up this work in close cooperation with all EC member States and interested organizations. The international bodies invited to the working group meetings are: the Economic Commission for Europe (ECE), the Organisation for Economic Cooperation and Development (OECD), the International Labour Office (ILO), the European Monetary Institute (EMI) and the European Free Trade Association (EFTA). A great deal of the detailed technical work is being done by smaller subgroups of the working group on topics such as formula, weighing methods and quality adjustment. To date, there have been four working group meetings and eight subgroup meetings.

8. Subject to the approval of DGNS, the framework regulation will be formally proposed to the European Council before the end of 1994 for adoption in mid-1995. Meanwhile, work at the technical level will continue.

9. EC member States will not be required to replace their existing official CPIs with the harmonized version. The harmonized indices are designed with the primary purpose of facilitating international comparison of consumer price inflation; they will not necessarily be appropriate for national purposes, such as wage indexation.

10. In line with ILO recommendations, the harmonized indices will exclude the shelter costs of owner-occupiers, although it is possible that work will be done at a later stage with a view to including this aspect of consumption in a way that is conceptually valid and does not lead to distorted comparisons.

#### B. Purchasing power parity methodologies

11. Eurostat, in collaboration with OECD, coordinates the work of the European Comparison Programme (Group I). The new system of three-year rolling price surveys is now well established and working well; particular attention is being focused on practical issues of data collection to improve the quality of results.

12. Methodological studies are currently being made in the fields of imputed rents and general government consumption. Work on methodological improvement in the fields of health and education services have been suspended in favour of other priorities.

13. With the establishment of the European Economic Area in 1994, several OECD member States have recently transferred from the OECD purchasing power parity (PPP) group to the Eurostat group. In addition, Malta has applied to join the Eurostat group.

14. In fulfilment of its statutory obligations, Eurostat also devotes significant resources to a particular application of PPPs, namely the calculation of salary correction coefficients for EC staff serving in offices around the world. This part of its work has recently come under close scrutiny, resulting in an EC Commission report to the European Council on the methodology used.

#### IV. TASK FORCE ON ENVIRONMENT STATISTICS

(Convener: Statistical Division of the United Nations Secretariat)

15. The Task Force on Environment Statistics will focus its work on the development of harmonized concepts and methods of environment statistics and their adaptation to needs and conditions in developing countries, with the following outputs:

(a) International guidelines on concepts and methods for selected areas of environment statistics, including waste statistics; fauna, flora and habitat statistics; and statistics on chemicals in the environment (ECE, in collaboration with Eurostat, 1996);

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(b) Technical report on urban-data concepts, definitions and classifications (United Nations Centre for Human Settlements (Habitat));

(c) Manuals and guidelines for pollution monitoring (United Nations Environment Programme (UNEP) and World Health Organization (WHO)), coordinated as part of the Global Environmental Monitoring System (GEMS/UNEP);

(d) Joint OECD/Intergovernmental Panel on Climate Change (IPCC) work on guidelines and methodologies for national greenhouse gas inventories (OECD);

(e) Regional handbooks of environment statistics, coordinated with UNSTAT and based on UNSTAT methodologies (Economic Commission for Africa (ECA), Economic and Social Commission for Asia and the Pacific (ESCAP) and UNSTAT);

(f) Glossary of environment statistics (UNSTAT, with the assistance of the Intergovernmental Working Group on the Advancement of Environment Statistics, 1995);

(g) Translation mechanism to correlate existing land-cover and land-use nomenclatures, including extensive efforts for internationally agreed definitions (UNEP and Food and Agriculture Organization of the United Nations (FAO), first effort end-1995/early 1996).

16. The Task Force will also focus its work on the development of environmental and sustainable development indicators, with the following outputs:

(a) Provisional list of indicators of sustainable development, to be submitted to the Commission on Sustainable Development at its third session (Department for Policy Coordination and Sustainable Development of the United Nations Secretariat and UNSTAT, with support from organizations and Governments, 1995);

(b) Manual of environmental indicators, describing concepts, methods of compilation, classifications, data sources and tabulations (UNSTAT, 1997);

(c) Report on the development and use of environmental health indicators (WHO);

(d) Core set of environmental indicators (FAO, 1995).

17. The Task Force will also focus on the development of standardized concepts and methods of environmental accounting based on research and country experience, with the following outputs:

(a) Studies in physical natural resource accounting: stocks and use of natural resources (OECD);

(b) Studies in physical environmental accounting: stocks and use of natural resources and pollutants (ECE);

(c) Training manual on environmental and natural resource accounting (UNSTAT, UNEP, 1997);

(d) Manual on regional environmental accounting (UNSTAT, 1997);

(e) Guidelines on environmental accounting for Africa (ECA);

(f) Handbook on environmental and natural resource accounting for Asia and the Pacific (ESCAP).

18. The Task Force will also focus on research into the use of environmental accounts in planning and policy-making, with the following outputs:

(a) Analysis and report on the country use of environmentally adjusted accounting indicators (UNSTAT, 1995/96);

(b) A study on the policy use of green accounting and indicators (Eurostat).

#### V. TASK FORCE ON FINANCE STATISTICS

(Convener: International Monetary Fund)

19. As to methodology in the area of financial statistics, two developments can be mentioned: (a) work on a manual on monetary and financial statistics and (b) the revision of A Manual on Government Finance Statistics. 1/

20. Drafting of a manual on monetary and financial statistics is under way; the manual will be a companion volume to the other statistical methodologies maintained by the International Monetary Fund (IMF). The manual, like the other methodologies, will be harmonized with the System of National Accounts 1993 (1993 SNA) to the fullest extent possible. The manual is addressed to both users and compilers of statistics.

21. Drafting of the text followed a methodological research process to assess the policy and analytic uses of monetary and financial statistics and the needs of compilers. A detailed annotated outline was prepared and circulated for comments to users and compilers in all IMF member countries and international statistical organizations in 1993; responses were highly favourable and drafting is proceeding along the lines of the outline.

22. Several chapters have been drafted and circulated for comments to member countries and international organizations; additional chapters will be circulated as they are completed. It is expected that the coming months will include a heavy schedule of drafting, reviewing and editing of the text in the light of comments received. A complete draft is expected in late 1995 for publication in late 1996.

23. Work was scheduled to begin in late 1994 on the development of an annotated outline for a revised version of A Manual on Government Finance Statistics; the outline is expected to be circulated for comments in mid-1995. The need to undertake this work at the present time is prompted by two considerations. First, a number of topics, including arrears, grants-in-kind, and quasi-fiscal operations, which received only limited attention in the original Manual, have

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assumed increasing importance since its publication. Moreover, as more Governments introduce accrual-type accounting in at least some of their operations, it will be necessary to re-examine the primacy of the cash-based recording basis in the Government Finance Statistics system. Second, the publication of the 1993 SNA affords an opportunity to promote a closer harmonization between the Government Finance Statistics system and national systems.

24. IMF member countries and the international statistical community are to be closely involved in the revision process.

#### VI. INTERSECRETARIAT WORKING GROUP ON NATIONAL ACCOUNTS

25. The following new methodological developments have been reported by the Intersecretariat Working Group on National Accounts (ISWGNA):

(a) Eurostat, with the help of a consultant, is examining both methodologies and existing country practices to produce green national accounts. Eurostat is also involved in continued research on consumer durables;

(b) IMF, in cooperation with the Bureau of Labor Statistics of the United States of America, is examining the measurement of financial intermediation services indirectly measured (FISIM) using reference rates and weighted measures of money. IMF is also studying the implications for improving national accounts along the lines of technical work that is being carried out on producer and consumer prices;

(c) OECD is in the process of engaging a consultant to prepare a manual on inflation accounting; a complete draft is scheduled for end-March 1995 and the final version for end-June 1995. IMF will supply OECD with relevant mission reports from countries of the former USSR, particularly reports on the question of defining prices for goods to be delivered at a future date. OECD is also involved in a research project on the evaluation of household production within a national accounts framework and is continuing research into the elaboration of methodologies for treating the effects of environmental depletion and degradation within the framework of the 1993 SNA;

(d) UNSTAT is finalizing an SNA handbook for transition countries, to be published in 1995 subject to approval by ISWGNA member agencies. UNSTAT is in the process of engaging a consultant from Chile to draft a compendium of studies from Latin America on accounting problems related to high inflation; the consultant is to prepare a synthesis to accompany the compendium. UNSTAT has carried out studies on and will continue to do research work into human resource accounting; integrated satellite accounting; socio-economic concerns related to national accounts; and modelling;

(e) The World Bank is reviewing two aspects of ICP: the use of Ikle aggregation methods as an alternative to Eltetes, Kovecs and Sculz (EKS) or Geary Khamis (GK) methods, and short-cut methods using a reduced information approach with available price data;



(f) ISWGNA member agencies are willing to take the lead in revising the four functional classifications, Classification of Industrial Consumption by Purpose (COICOP), Classification of the Functions of Government (COFOG), Classification of the Purposes of Non-Profit Institutions (COPNI) and Classification of Outlays of Producers by Purpose (COPP). IMF is willing to take the lead in the revision of COFOG; it will contact interested agencies to obtain their views on possible revisions and will prepare a revised draft for their comments. IMF will also consider whether COFOG can be used for classifying expenditures by non-profit institutions serving households, which would eliminate the need for a separate COPNI. OECD is willing to take the lead in the revision of COICOP; it will follow the revision/consultation procedure outlined above for COFOG. UNSTAT is willing to take the lead in the revision of COPP; this classification, however, is regarded as of lower importance than COFOG and COICOP.

#### VII. POINTS FOR DISCUSSION

26. The Working Group may wish to review the plans for methodological development of the task forces and to provide additional direction, as necessary.

#### Notes

1/ Manual on Government Finance Statistics (Washington, D.C., International Monetary Fund, 1986).

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